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CENTRAL INTELLIGENCE BULLETIN



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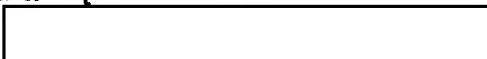
DAILY BRIEF

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I. THE COMMUNIST BLOC



Geneva technical talks: The major unresolved problem in the Geneva technical talks is the extent to which mobile inspection teams should be used. The Soviet delegation is trying to minimize the need for them as much as possible. The Soviet experts have now proposed 130 control posts, 20 more than previously and only 40 less than that now suggested by the Western delegation. The Soviet delegation still appears anxious to reach as complete an agreement as possible in Geneva in order to bring immediate pressure on Britain and the United States to stop tests.



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Thailand: Six members of Premier Thanom's cabinet have been dropped, including one leftist and an army general under fire for "excessive" corruption. As a precautionary measure, some military units may have been placed on an alert status. [REDACTED]

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Iran: The American military missions believe the Iranian Army probably would not remain loyal to the Shah in the event of a well-organized coup. Discontent over government graft, inefficiency, and repression is growing among the educated and semi-literate urban population and among junior officers in the armed forces. A member of the Iranian UN delegation recently told Ambassador Lodge that, in the absence of widespread reforms, a revolution in Iran was inevitable. [REDACTED]

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[REDACTED]

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DAILY BRIEF

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Laos: Souvanna Phouma has abandoned his efforts to form a government. He was unable to reconcile the conflicting demands of conservative politicians and the "young turks" supported by the army and police. Extension of the cabinet crisis will increase pressure for the formation of a government including the Communist-dominated Neo Lao Hak Zat party or the imposition of a rightist government by the crown or army. [REDACTED]

III. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

Special National Intelligence Estimate No. 100-6-58.
Implications of Certain US Satellite Programs. 29 July 1958.
[REDACTED]

Special National Intelligence Estimate No. 71-58. France and North Africa. 29 July 1958. [REDACTED]

National Intelligence Estimate No. 20-58. The Outlook for Western Europe. 29 July 1958. [REDACTED]

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Geneva Technical Talks

The Soviet delegation at the Geneva technical talks on 6 August presented a draft proposal suggesting a network of 130 control stations throughout the world--20 more than previously suggested by the USSR and only 40 less than the Western delegation had proposed. A Polish expert at Geneva recently hinted that the Soviet delegation would consider as many as 150 or 200 stations. There has been no discussion of how many posts would be located in specific countries.

The question of mobile inspection teams appears to be a much more difficult problem. The Western delegation believes a number of permanent teams are necessary and must be used frequently to supplement detection by control posts. The Soviet delegation anticipates that teams would be used only rarely and holds that they should be set up on an ad hoc basis. It ignores the question in its 6 August draft and wants the matter relegated to a later discussion of organizational questions. The Soviet delegation is also pressing for agreement on such organizational questions as the nationality of personnel at control posts that the West believes should be decided at the political level.

Moscow apparently is eager to achieve as much agreement as possible at Geneva. The Russians seem to expect there will be enough agreement so that they can bring heavy pressure to bear on Britain and the United States to sign an agreement ending tests. There has been a noticeable increase in Soviet propaganda on the need for stopping tests, apparently in preparation for the end of the conference.

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II. ASIA -AFRICA

Thai Cabinet Reshuffle

The long-awaited Thai cabinet reshuffle announced on 6 and 7 August--probably the final phase of Marshal Sarit's efforts to restore calm to the political situation in Bangkok--is noteworthy mainly for the dismissals of the leftist deputy minister for economic affairs, Tim Buriphat, and the corrupt deputy minister for economic affairs, Lt. Gen. Chitti Nawisathien. Four other deputy ministers have been replaced, but two cabinet members suspected of being covert supporters of former Premier Pridi, now in Communist China, managed to retain their posts. Both are close to Sarit, although there is no evidence that they have succeeded in moderating his strong dislike of Pridi.

The ruling military clique's action in apparently placing five tank companies in Bangkok on alert on 5 August was probably intended primarily as a safeguard against any adverse repercussions from the cabinet changes. There is no good evidence of coup plotting within the armed forces at this time, but Sarit is noted for his disinclination to leave anything to chance.

The new cabinet is a modest improvement over its predecessor, but genuine political stability in Thailand will probably depend on Sarit's presence. Premier Thanom lacks the political agility and prestige of his chief and was unable during Sarit's five-month absence in the United States early this year to preside effectively over the military group and its heterogeneous political front, the National Socialist party. Sarit, whose health remains uncertain, is expected to leave soon for a long-planned visit to Britain, but is likely to make it brief out of concern over political developments at home.

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Loyalty of Iranian Army to Shah Doubtful

In the event of a coup attempt in Iran organized by a recognized leader, the Iranian Army probably would not support the Shah, according to a joint estimate by American military representatives in Tehran. While the present senior military leaders would with few exceptions remain loyal to the Shah, the junior officers are disillusioned with Iran's rigid army system which blocks their advancement.

Many junior officers, as well as the discontented educated urban groups and the semi-literate urban lower classes, are dissatisfied with the government's graft, inefficiency, and repression and associate the Shah with these abuses. These junior officers are in a good position to exert influence over the enlisted men.

The Iraqi coup has probably given confidence to discontented officers who may now believe "if the Iraqis can do it so can we." Would-be conspirators probably have learned a lesson from the failure of General Valiollah Gharani, who was arrested by the Shah last March for conspiring against the regime.

Houchangue Etezadi, a member of Iran's permanent UN delegation in New York, on 5 August commented to Ambassador Lodge on the dangerous conditions in Iran and predicted that revolution is unavoidable unless the Shah makes urgently needed economic reforms. He expressed fear in particular that left-wing extremists might try to capitalize on the dissatisfaction of the bulk of the Iranian population. The Shah, however, who also wants to institute reforms rapidly, must proceed slowly for fear that wealthy groups and senior military officers will attempt to force their will on him.

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Souvanna Phouma Fails in Bid to Form Government in Laos

Souvanna Phouma's inability to offer a cabinet acceptable to both conservative politicians and young anti-Communist elements supported by the army increases the possibility of an extremist solution to the Laotian cabinet crisis. Souvanna's tentative slate of 14 had included five of the young civil and military leaders and excluded many of the more notorious and inept ministers of his former government. Most observers considered it to be the strongest anti-Communist government that had a chance of assembly investiture.

However, these young leaders, organized in the Committee for the Defense of the National Interest (CDNI), refused to participate unless given two thirds of the cabinet posts, a demand strongly opposed by deputies within Souvanna's own party, the Rally of the Lao People. A conservative politician other than Souvanna will probably be designated cabinet formateur. The CDNI will either have to moderate its demands or make good its threat to impose a government by extraparliamentary means.

Meanwhile, the Communists are apparently using rumors that North Vietnam will intervene to forestall the formation of a government excluding representatives of the Communist-dominated Neo Lao Hak Zat (NLHZ). The French ambassador also has cited reports of North Vietnamese troop movements along the Laotian border as a justification for the retention of NLHZ Chief Souphannouvong in the cabinet.

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